dated 21-11-2002 and 9-7-2003 of the Co-ordination Committee of IFCI Officers' and Employees Associations requesting for merger of IFCI with either Industrial Development Bank of India (IDBI) or Life Insurance Corporation of India (LIC) have been received by the Government.

(c) These representations have already been considered. At present there is no merger of IFCI with IDBI is contemplated.

Investment in Agriculture Sector

2893. SHRI D.P.YADAV : Will the Minister of FINANCE be pleased to state :

(a) whether Government are aware that due to the higher rate of interest on loans given to the farmers as compared to the rate of interest on loans given to industries, housing and other sectors, there is steep decrease in the investment in agriculture sector; and

(b) if so, the action proposed to be taken in this regard and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL) : (a) and (b) The interest rates on loans given by commercial banks are now deregulated with the exception that the interest rate on loans up to Rs. 2 lakh should not exceed the Prime Lending Rate (PLR). Commercial Banks are, therefore, free to decide their lending rates on loans above Rs. 2 lakhs taking into account cost of funds, risk perception, credit worthiness of the borrower, etc.

Consequent on the statement made while presenting Union Budget on 28th February, 2003 regarding the need for passing on the benefits of lower rates of interest to agriculture and the SSI Sector, the Indian Banks Association (IBA) has advised all its member banks on 5th March, 2003 to take appropriate action in the matter of introduction of interest rate bank of 2% above and below its PLR for secured advances. Subsequently the IBA on 12-7-2003 advised all public sector banks that the rate of interest on crop loan upto Rs. 50,000/- should not exceed 9%.